




DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT CONTRACTOR ALERT REPORTING DATABASE	POLICY NO. 1000.04	EFFECTIVE DATE 07/01/2014	PAGE 1 of 8
APPROVED BY:  Director	SUPERSEDES 110.19 07/01/2014	ORIGINAL ISSUE DATE N/A	DISTRIBUTION LEVEL(S) 1

PURPOSE

- 1.1 To provide information and guidance to Los Angeles County Department of Mental Health (LAC-DMH) employees regarding the mechanism known as the Contractor Alert Reporting Database that is used to alert County departments about poorly performing contractors.

DEFINITIONS

- 2.1 **Contractor Alert Reporting Database (CARD):** A County developed database that uses the County's existing enterprise-based eCAPS System to track and report poorly performing contractors.

POLICY

- 3.1 LAC-DMH will use the CARD as directed in the CARD Manual found at the following web site:

<http://auditorweb.co.la.ca.us/FileDownload.aspx?FileID=757>
- 3.2 A uniform set of criteria will be used to evaluate contractors for placement in the CARD. Included in the criteria will be materiality of the issues with the contractor, e.g., dollar amounts disallowed in audits or amount of funds owed to the County, pattern or number of occurrences, and impact to the County and public if placed in the CARD.
 - 3.2.1 NOTE: Only contractors with a significant issue(s) should be placed in the CARD.
- 3.3 LAC-DMH will respect the legal rights of contractors by ensuring that they are provided due process prior to being placed in the CARD. Due process will allow contractors to correct issues in reasonable amount of time being placed in the CARD.



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- 3.4 LAC-DMH will ensure that adequate documentation is provided to justify/support placement of poorly performing contractors in the CARD.
- 3.5 LAC-DMH will notify other County departments when a contractor is placed in the CARD.
- 3.6 LAC-DMH shall work with the poorly performing contractor to resolve the issue(s) that resulted in placing the contractor in the CARD and will provide training to help prevent future non-compliance when possible (exceptions would include, but are not limited to, bankruptcy and criminal activities).
- 3.7 LAC-DMH will ensure contractor records in the CARD are up to date.
- 3.8 LAC-DMH will use the CARD when soliciting new contracts, renewing contracts, and for ongoing monitoring of existing LAC-DMH contractors.

PROCEDURE

- 4.1 Contractors must meet one or more of the following criteria described in 4.2 to be placed in the CARD.
- 4.2 Immediately after the LAC-DMH Contract Lead Manager and/or his/her Deputy Director become aware of a contractor's performance/issue(s), he/she will conduct an evaluation to determine if one or more of the following criteria are met to place a contractor in the CARD:
 - 4.2.1 The contractor owes the County for overpayments and/or questioned costs and has not entered into a repayment agreement or agreed to pay the County back, or has been referred to the Treasurer and Tax Collector for collection.
 - 4.2.2 The contractor has not taken the appropriate steps to correct significant documented instances of contract non-compliance in a timely manner.
 - 4.2.3 The contractor and/or their principal owners are currently debarred by other governmental entities.



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4.2.3.1 Principal owner is any person or entity, who or which owns a ten (10) percent or more interest in the contractor.

4.2.3.2 Department must update the CARD to indicate if/when the issue is resolved once the debarment period of the other government entity expires (if applicable).

4.2.4 The contractor has experienced financial, administrative, programmatic, or legal issues that affect their ability to comply with the County contract requirements. Examples of these issues include, but are not limited to, the following:

- Bankruptcy;
- Loss of licenses;
- Failure to pay property or payroll taxes;
- Financial viability concerns;
- Lack of qualified staff;
- Amount of disallowed or undocumented costs;
- Lack of required insurance;
- Poor program services; and
- Assessment of any fines and/or penalties by public entities.

4.2.5 The County has imposed contractual remedies against the contractor for non-compliance with the County contract requirements. Examples of contract remedies include, but are not limited to, the following:

- Termination for default;



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- Assessing liquidated damages;
- Adjusting the contractor's funding; and
- Not renewing a contract due to performance issues.

4.2.5.1 NOTE: Departments began placing contractors that meet one or more of these criteria in the CARD on August 1, 2011. Departments may retroactively place a contractor in the CARD even if the contract was expired prior to August 1, 2011, in the event that the contractor still owes the County for overpayments and/or questioned costs. If a contractor has no pending overpayments and/or questioned costs, and its contract was expired prior to August 1, 2011, a Department should not retroactively place the contractor in the CARD.

4.3 After the LAC-DMH Compliance Officer, the Finance Officer, or contract monitors/liaisons evaluate and identify a poorly performing contractor, the LAC-DMH Contract Lead Manager is to be contacted. The LAC-DMH Contract Lead Manager must gather supporting documentation and determine if said documentation is sufficient to place the contractor in the CARD. Examples of acceptable documentation include, but are not limited to, the following:

- Departmental contract monitoring/discrepancy reports;
- Annual performance reviews;
- Auditor-Controller reports;
- Debarment records;
- Contractor's audited financial statements;
- Communication from the contractor stating their unwillingness to comply with requirements;



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- Communications from the department documenting collection or other efforts to resolve outstanding issues;
 - Bankruptcy filings; and
 - Cancellation of required licenses, insurance, etc.
- 4.4 In the event that a LAC-DMH Contract Lead Manager and/or his/her Deputy Director is/are unsure whether there is sufficient documentation to place a contractor on the CARD, the LAC-DMH Contract Lead Manager may contact the Auditor-Controller's Countywide Contract Monitoring Division at (213) 253-0300 for assistance.
- 4.5 If the evaluation meets the criteria for placement in the CARD and there is adequate supporting documentation, the LAC-DMH Contract Lead Manager shall prepare the standardized CARD Placement Notification Letter (Attachment 1).
- 4.6 The LAC-DMH Contract Lead Manager shall submit his/her evaluation and supporting documentation along with the standardized CARD Placement Notification Letter to the Contract Lead Manager's Deputy Director for review and approval.
- 4.7 The Deputy Director shall meet with the Executive Management Team (EMT) to review and approve the CARD placement of the contractor.
- 4.8 With the LAC-DMH Contract Lead Manager's approval, the completed CARD Placement Notification Letter shall be submitted to the appropriate Deputy Director for approval.
- 4.9 Upon receipt of the Deputy Director's approval (signature of approval must be on the standardized CARD Placement Notification Letter approval line), the LAC-DMH Contract Lead Manager shall send the letter to the contractor ten (10) business days before the CARD placement via certified U.S. Mail and email.
- 4.10 If the issue is unresolved after ten (10) business days, the LAC-DMH Contract Lead Manager shall notify and direct the LAC-DMH Contracts Development and



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Administration Division (CDAD) to place the contractor in the CARD according to instructions on pages 4 through 17 of the CARD Manual found at the following web site:

<http://auditorweb.co.la.ca.us/FileDownload.aspx?FileID=757>

4.10.1 The following information shall be uploaded into the CARD:

- The supporting documentation; and
- The Deputy Director's approved standardized CARD Placement Notification Letter.

4.10.1.1 NOTE: The LAC-DMH Contract Lead Manager may delay the CARD placement to allow the contractor additional time to resolve any issues.

4.11 The LAC-DMH CDAD shall notify the Board of Supervisors' budget deputies, their respective cluster's Board deputies, and the Countywide Contracting Network at cardnotify@isd.lacounty.gov of the CARD placement via email and attach a copy of the signed CARD Placement Notification Letter. The Countywide Contracting Network contact will forward the notification to the network.

4.12 Resolving the CARD Issues

4.12.1 In addition to providing contractors with due process before they are placed in the CARD, LAC-DMH must also allow contractors an opportunity to resolve any of the issues indicated in the contractors' CARD records. The CARD Placement Notification Letter that is sent to contractors before they are placed in the CARD so as to provide contractors with departmental contact information for purposes of resolving outstanding issues.

4.12.2 The LAC-DMH Contract Lead Manager, or designee, identified as the contact person in the CARD Placement Notification Letter will work with



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the contractor should the contractor express an interest in resolving the issues.

- 4.12.2.1 The contact person will identify the steps that the contractor must take to resolve issues.
- 4.12.2.2 Any letter or email that a contractor sends to the LAC-DMH Contract Lead Manager, or designee, regarding placement of the contractor in the CARD is to be replied to in a timely manner.
- 4.12.2.3 As the contractor resolves one or more of their CARD issues, the LAC-DMH contact person will notify and direct the LAC-DMH CDAD to update the CARD by following the steps on page 18 of the CARD Manual, found at the following web site:

<http://auditorweb.co.la.ca.us/FileDownload.aspx?FileID=757>

- 4.12.3 After the CARD is updated, the LAC-DMH contact person will notify the contractor that their CARD record has been updated. The contact person should state that the contractor is/was removed from the CARD since the contractor will remain in the CARD with the issue(s) updated to indicate a “resolved” status.
- 4.12.4 Should a resolved issue become a current issue again, the LAC-DMH Contract Lead Manager or designee shall notify and direct the LAC-DMH CDAD to go to the Issue Page on the CARD, unclick “resolved,” delete the resolved date, update the issue date to indicate the date of the current issue, and update the contact information (if necessary). The LAC-DMH must also upload the additional supporting documentation for the current issue and type a brief note in the Comments section about the resolved issue becoming current again. The LAC-DMH is not to remove any historical information.



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4.13 eCAPS Cognos Reports are available for use in monitoring contractors' performance.

4.13.1 Two scheduled reports are available to LAC-DMH in eCAPS:

4.13.1.1 CARD Contractor List. This is a cumulative report of all contractors that have been placed into the CARD; and

4.13.1.2 CARD Contractors with Active Issues. This report only includes contractors that have one or more unresolved issues in the CARD.

4.13.2 To access these reports follow the instructions on pages 22 through 24 of the CARD Manual found at the following web site:

<http://auditorweb.co.la.ca.us/FileDownload.aspx?FileID=757>

AUTHORITY

1. Los Angeles County Board of Supervisors

ATTACHMENTS

1. Standardized CARD Placement Notification Letter

REFERENCES

1. Contractor Alert Reporting Database Manual

RESPONSIBLE PARTY

Office of the LAC-DMH Compliance Officer